



Nechako Development Region



The Nechako Development Region (NDR) extends from the Yukon border in the North to Fraser Lake in the South, and from the Alaska border in the West to Vanderhoof in the East. It comprises eight municipalities—the largest being Smithers, Vanderhoof, and Houston, which are all in the Bulkley-Nechako Regional District. The Stikine Regional District is situated to the north of this, and is far less populated. The NDR has a total land area of 205,919 km².

The NDR is the largest and most sparsely-populated Development Region in British Columbia, accounting for less than 1% of the provincial population. In the northern Stikine mining is the key economic driver. In the Bulkley-Nechako Regional District to the south, where the majority of the Development Region's residents live, forestry, mining, and agriculture dominate.

The NDR benefits from mineral exploration and development within and beyond its borders, with Smithers, and Vanderhoof to a lesser degree, acting as the main supply and service points for northern BC. Tourism has been a growing industry in the NDR, with the region offering a host of world-class outdoor wilderness and recreation experiences.



In 2008 the NDR's population declined by 2%, (811 residents), to reach 39,627. Almost all of this decline took place in the southernmost and more heavily populated Bulkley-Nechako Regional District.

2008 continued to be a challenging year for the Nechako economy. In the face of the US housing market collapse, further cuts in mill production were required to keep pace with the drop in demand for lumber. Throughout the year, the region's lumber mills announced shift reductions or downtime. These cutbacks in timber volumes took their toll on local logging and trucking contractors, who struggled to reduce overhead costs. However, the logging industry is not completely lost. Other options, such as bio fuels and different ways to manufacture the region's wood, are currently under consideration. In addition, the federal government's 26-week Employment Insurance Initiative topped up the wages of many workers employed at mills that moved to a reduced work week.

The Nechako also felt the effects of the financial sector crisis that spread throughout the global economy in 2008. Last year, the value of building permits dropped by 24.6%,¹ the largest decline of any Development Region in the province, and major project construction was nonexistent. On the bright side, the tourism and mining industries showed continued strength, and buffered parts of the economy against the downturn. While tourism room revenues declined by 3% from 2007, they were still 15% higher than in 2006.² Mineral exploration expenditures in Northwest BC were less than the record high set in 2007, but were still robust, and the regional service and supply centres reaped the benefits.

WORK Indicators

Job Creation

Statistics Canada aggregates employment data for the North Coast and Nechako Development Regions (*Northwest BC*). The bulk of labour market activity in this region is shared fairly equally between the Bulkley-Nechako and Kitimat-Stikine Regional Districts, while the Skeena-Queen Charlotte Regional District contributes approximately 20% of the activity.³

Following two consecutive years of job loss, Northwest BC's economy created 2,600 new jobs in 2008. This is an increase of 6.3% over 2007, and the highest rate of job creation in the province. The labour market began to cool, however, in the latter part of 2008, with the last four months posting successive declines in employment.

In 2008, all of Northwest BC's job creation took place in the *services-producing sector*. Employment in services has fluctuated over the past five years—ranging from a low of 28,000 in 2007, to a high of 30,700 jobs in 2005 and 2008. While a mere 300 jobs were created between 2003 and 2008, 2,700 jobs were created between 2007 and 2008. The number of jobs grew in several service-based industries, most significantly in health care and social assistance (1,000 jobs), public administration (800 jobs), accommodation and food services (500 jobs), and transportation and warehousing (200 jobs). These gains were tempered by a drop in employment in other industries such as educational services (100 jobs), professional, scientific, and technical services, and business, building, and other support services.⁴



¹ BC Stats, *British Columbia Building Permits for Development Regions and Regional Districts by Type 2000-2008*, February 5, 2009.

² BC Stats, *Tourism Sector Monitor*, March 2009.

³ Statistics Canada, *Census 2006*.

⁴ Employment dipped below 1,500 in the latter two industries, which indicates there has been job loss from the previous year.

Throughout most of 2008, the health care and social assistance sector saw solid month-over-month employment growth, peaking at 5,900 in December. Northwest Health Services embarked on a number of initiatives during the year, which resulted in additional complex care beds and assisted living units in Queen Charlotte City, Masset, Terrace, Kitimat, Smithers, Houston, and Hazelton. In addition, the first new hospital since Northern Health was formed in 2001 was opened in Masset, and in an effort to recruit more physicians to the Northwest, the organization enlisted third-year medical students and resident physicians to commence studies and work opportunities in Terrace in late 2008.⁵

Employment in the accommodation and food services industry in Northwest BC mushroomed during the summer of 2008, with the workforce rising to 4,600. Employment between April and September of 2008 was 43% higher than the same period in 2007. The year ended rather dismally, however, with the industry shedding 2,300 workers by December.

Tourism statistics indicate that room revenues declined by 1.7% in 2008.⁶ In the North Coast, the Port of Prince Rupert's cruise business experienced its best cruise season in its five years of operations. The number of shore excursion passengers soared, with tourists enjoying local tours and dining. The total economic impact of the cruise industry in Prince Rupert is estimated to have exceeded \$10 million in 2008.⁷

Monthly labour force data indicates that employment in the transportation and warehousing industry in the Northwest has been in a downward trend for over two years. Nevertheless, a surge in employment during the summer of 2008 pushed annual employment up. The volume of goods through the Port of Prince Rupert increased moderately over 2007, despite a global economic downturn that resulted in declining traffic through most other North American ports on the west coast.⁸

The Prince Rupert Port Authority estimates the Fairview Terminal container terminal operations have created and filled an estimated 350 direct positions to date.⁹ The slump in the forest industry in both the Nechako and North Coast, however, continued to impact the transportation and warehousing industry adversely through most of the year.

Employment in educational services has declined for the past two years. The loss of 100 jobs in 2008 is likely a reflection of declining enrolment in the region's public schools—between 2006-2007 and 2007-2008 enrolment dropped by 4.1% in Northwest BC.¹⁰



⁵ Province of BC, Northwest Health Services, *Annual Report 2007-08*.

⁶ BC Stats, *Tourism Sector Monitor*, March 2009.

⁷ Prince Rupert Port Authority, "2008 Cargo Traffic Steady, Despite Global Economic Decline," News Release, January 21, 2009.

⁸ Ibid.

⁹ Prince Rupert Port Authority, *Community Update*, Fall 2008.

¹⁰ School Districts 50, 52, 54, 82, 87, 91 and 92. Source: Ministry of Education, *Student Statistics 2003/04 – 2007/08*, January 2008.

Table 4-1: Employment, Northwest British Columbia, 2003 to 2008^{11,12}

	2003	2004	2005	2006	2007	2008	Job Creation (000)	
							5-Year 2003-08	1-Year 2007-08
TOTAL EMPLOYMENT (000)	44.8	42.4	45.7	43.1	41.5	44.1	-0.7	2.6
Goods-Producing Sector (000)	14.4	13.9	15.0	13.9	13.6	13.5	-0.9	-0.1
Agriculture	-	-	2.5	-	-	-	-	-
Forestry, fishing, mining, oil and gas	4.0	2.9	3.0	3.1	2.8	3.5	-0.5	0.7
Utilities	-	-	-	-	-	-	-	-
Construction	2.2	1.9	1.8	3.0	2.2	2.6	0.4	0.4
Manufacturing	7.2	8.4	7.6	6.3	7.1	6.9	-0.3	-0.2
Services-Producing Sector (000)	30.4	28.5	30.7	29.2	28.0	30.7	0.3	2.7
Trade	5.9	4.7	7.7	5.8	7.0	7.0	1.1	0.0
Transportation & warehousing	2.7	2.2	3.2	4.1	3.0	3.2	0.5	0.2
Finance, insurance, real estate & leasing	-	1.7	1.7	-	-	1.5	-	-
Professional, scientific & technical services	1.5	1.5	1.5	1.9	1.5	-	-	-
Business, building & other support services	-	1.5	-	-	1.7	-	-	-
Educational services	4.2	3.3	2.9	4.1	2.6	2.5	-1.7	-0.1
Health care & social assistance	4.9	4.6	3.9	4.4	3.7	4.7	-0.2	1.0
Information, culture & recreation	-	1.5	1.7	-	-	-	-	-
Accommodation & food services	3.1	3.4	3.0	2.4	3.0	3.5	0.4	0.5
Other services	1.9	1.8	2.3	-	-	-	-	-
Public administration	2.6	2.3	1.5	-	2.1	2.9	0.3	0.8

Source: Statistics Canada, *Labour Force Survey Historical Review*

Northwest BC's *goods-producing* sector contracted for the third straight year. Total employment in the production of goods dropped to 13,500 in 2008, a decrease of 100 jobs from the previous year. This is the lowest level of employment the sector has seen for at least a decade. Between 2003 and 2008, 900 jobs were lost in the goods-producing industries. Despite overall job loss in 2008, two industries in the sector experienced growth. Employment in forestry, fishing, mining, and oil and gas jumped by 700 workers and the construction industry added 400 more workers. The only *reported* loss was in manufacturing, where 200 jobs were shed. (Both agriculture and utilities employment are less than 1,500 each, so they are not reported by Stats Can. Either industry, or both, must have declined for the goods sector to lose 1,000 jobs overall.)

Employment in primary resources peaked in January 2008 to reach an eight-year high of 5,100, but by December, employment levels shrank to 2,700. Curtailments in forest products production throughout 2008 continued to impact the sector. While 2008 began with robust mine performance and surging exploration, the tightening of financial markets began to signal a slowdown by mid-year. By late 2008, a 50-70% reduction in the price of some metals caused a sharp retrenchment among producers and a contraction of exploration. Mineral exploration expenditures in Northwest BC were less than the record high set in 2007, but still strong at \$140 million.¹³ The Eskay Creek Mine, which had employed 350 people, closed in April as mining production had run its course.

^{11.} Industries with 0.0 are estimated to have fewer than 1,500 employed at that particular point in time, thus the numbers presented in the table may not add up to total sector figures, and job creation statistics can not be calculated.

^{12.} In the smaller Development Regions, the sample size for the Statistics Canada Labour Force Survey is small. Moreover, the survey sample is rotated from year to year, which can affect estimates of the labour force size and structure. As a result, employment estimates in some sectors are not necessarily robust and, in a few cases, we have been unable to reconcile the 2006-2007 job creation numbers with what is actually happening in that labour market. These cases are cited where they occur.

^{13.} Ministry of Energy, Mines and Petroleum Resources Mining and Minerals Division, "Exploration and Mining in British Columbia 2008," January 2009.

The construction industry was flat through the spring of 2008, but employment picked up by summer. All major project construction in Northwest BC took place in the North Coast. Projects such as the Prince Rupert Port Expansion, Cascadia Aggregate Processing and Export Terminal, Royop Commercial Development, the Kitsault River and Homestake Creek Hydro Project, and the \$10 million highway resurfacing project east of Terrace¹⁴ spurred construction employment. Like the rest of the province, however, building permit values in Northwest BC declined in 2008 (-7.5%). While the Skeena-Queen Charlotte Regional District experienced a building upswing (38.4%), the Bulkley-Nechako and Kitimat-Stikine Regional Districts saw declines (24.6% and 1.9% respectively). Residential construction continued to increase and industrial, commercial, and institutional/government developments declined.¹⁵

Throughout 2008, forestry operations continued to be plagued with temporary layoffs or shut downs in response to reduced demand and price stagnation in forest products. In BC, exports of wood products fell by 18.4% in 2007 and a further 24.5% in 2008.¹⁶ At the beginning of 2008, Northwest BC's manufacturing industry had its lowest employment level in 10 years, at 5,100. However, steady month-to-month gains resulted in 2,700 more workers being employed in the industry by September. By year end, however, employment dropped back, to 6,900

Unemployment Rate

In 2008, the unemployment rate in Northwest BC declined by 0.3 percentage points to 7.7%. Aside from 2006, this is the lowest unemployment rate the region has enjoyed in over a decade. Despite this, Northwest BC continues to retain the highest unemployment rate in the province, at 3.1 percentage points above the provincial average.

Last year, the rate of job creation (6.3%) outpaced the growth of the region's labour force (6%), pushing the labour force participation rate up to 72.9%. This is 6.3 percentage points *above* the province as a whole and the second highest participation rate in BC, second only to the Northeast.¹⁷

Table 4-2: Unemployment Rate (%), Northwest British Columbia, 2003 to 2008

Region	2003	2004	2005	2006	2007	2008	Percentage Point (ppt) Change	
							5-Year 2003-08	1-Year 2007-08
Northwest BC	11.3%	11.6%	8.1%	6.7%	8.0%	7.7%	-3.6 ppt	-0.3 ppt
British Columbia	8.0%	7.2%	5.9%	4.8%	4.2%	4.6%	-3.4 ppt	+0.4 ppt

Source: Statistics Canada

Table 4-3 shows that the unemployment rate for young workers, aged 19 to 24 years, in Northwest BC dropped slightly between 2007 and 2008, falling to 12.3%. This is contrary to the provincial trend where the youth unemployment rate rose by 0.8 percentage points. Detailed *Labour Force Survey* data reveals that the youth labour force in both the North Coast and Nechako grew considerably in 2008, with the number of young workers who found work rising by 63% over 2007.¹⁸ Despite this improvement, the unemployment rate for youth in the region continued to be significantly higher than that of the general population.



¹⁴ Province of British Columbia, "\$10 Million to Improve Highway 16 and Support Growth," News Release, July 9, 2008.
¹⁵ BC Stats, *British Columbia Building Permits for Development Regions and Regional Districts by Type 2000-2008*, February 5, 2009.
¹⁶ BC Stats, *Exports (BC Origin) 1999-2008*, March 2009.
¹⁷ Statistics Canada, *Historical Labour Force Survey*, CD1, Table 30AN.
¹⁸ Statistics Canada, *Historical Labour Force Survey*, Custom Table, 2008.

Table 4-3: Youth (19 to 24 years) Unemployment Rate, Northwest British Columbia, 2003 to 2008

Region	2003	2004	2005	2006	2007	2008	Percentage Point (ppt) Change	
							5-Year 2003-08	1-Year 2007-08
Northwest BC	20.8%	22.7%	11.1%	11.3%	12.5%	12.3%	-8.5 ppt	-0.2 ppt
British Columbia	11.4%	10.5%	8.5%	6.4%	6.0%	6.8%	-4.6 ppt	+0.8 ppt

Source: Statistics Canada, *Labour Force Survey*, Custom Table

* Unemployment rate calculated by author for all years.

INVEST Indicators

Business and Investment Activity

Last year, the total value of investments proposed or on hold in the NDR rose by 47%, from \$887 million in the fourth quarter of 2007, to \$1.3 billion in the fourth quarter of 2008.¹⁹ In comparison, major project investment in BC as a whole was up by 22% during the same period.

According to the *BC Major Projects Inventory*, there were no projects under construction during the fourth quarter of 2008 in the NDR. Projects either in the proposal stage, or on hold, accounted for all investment in the region. A comparison of the fourth quarters of 2007 and 2008 shows that in the Nechako, the total number of projects²⁰ increased slightly, from 11 to 12. This suggests that investment confidence had not significantly eroded at the end of 2008, despite events in the financial world. While over \$624 million in projects in the NDR are scheduled to commence construction in 2009, it is very likely some projects will be deferred, as investors take a “wait and see” approach. The global financial crisis and tighter lending practices that were implemented in late 2008 will no doubt affect some investment decisions. The largest project slated to begin construction in 2009 is the proposed Kutcho Creek Mine Project near Dease Lake (\$299 million). Another large project, the proposed Morrison Copper-Gold Mine north of Granisle (\$200 million), is currently facing challenges and will likely not proceed as planned this year. While 2008 began with robust mine performance and surging exploration, the tightening of financial markets began to signal a slowdown in the industry by mid-year.²¹ Statistics Canada’s latest “Public and Private Investment Intentions Survey” confirms that more BC companies plan on scaling back capital outlays in 2009—capital investment is expected to retreat in 2009 by about 7.2% from 2008 levels.

As part of an economic stimulus plan, the federal and provincial governments have earmarked funds to accelerate and expand infrastructure during the next few years.²² We can expect to see a rise in the share of public sector capital investment, at least for 2009 and 2010, as governments spend to offset the anticipated decline in the private sector.



¹⁹ BC Ministry of Economic Development. *BC Major Projects inventory*, December 2008.

²⁰ Proposed, under construction, completed, and on hold.

²¹ Ministry of Energy, Mines and Petroleum Resources Mining and Minerals Division, “Exploration and Mining in British Columbia 2008,” January 2009.

²² *National Post*, January 31, 2009.

Government has, in fact, recently approved a number of infrastructure projects in the Nechako for 2009:

- \$1.2 million to enhance local recreation infrastructure, build new trails, and plan for an expanded sewage treatment plant in Smithers;²³
- \$3.5 million for street reconstruction in Fort St. James—the project is expected to create over 50 jobs;²⁴ and,
- \$8.5 million for highway improvements in the NDR—improvements are anticipated to create over 50 jobs.²⁵

Incorporations

In 2008, the NDR’s business incorporations declined 9.9%—this was the second straight year of losses. It appears that entrepreneurs are becoming increasingly cautious about starting new businesses, which is understandable given the region’s present economic climate.

Table 4-4: Business Incorporations, Nechako Development Region, 2003 to 2008

	2003	2004	2005	2006	2007	2008	Percentage Change	
							5-Year 2003-08	1-Year 2007-08
Business Incorporations	99	110	108	137	131	118	19.2%	-9.9%

Source: BC Stats

Compared to the provincial trend, growth in incorporations over the past five years has been below average, at 19.2%, compared to 33.5% for BC as a whole.

Business Establishments

In 2008, the number of business establishments in the Nechako declined a further 2.2%; this was the fifth year in a row this indicator has dropped. In comparison, the number of establishments in all of BC declined by 1.3%. Most of losses in the NDR were in small businesses with no employees.

Table 4-5: Number of Business Establishments – All sizes, Nechako Development Region, 2003 to 2008

Region	2003	2004	2005	2006	2007	2008	Percentage Change	
							5-Year 2003-08	1-Year 2007-08
Nechako DR	3,915	3,894	3,766	3,712	3,519	3,443	-12.1%	-2.2%
British Columbia	332,418	346,316	345,227	350,444	359,314	354,695	+6.7%	-1.3%

Source: BC Stats and Statistics Canada (2005, 2006, and 2007)



²³ Province of British Columbia, Public Affairs Bureau, “\$2.1 Million Investment for the Town of Smithers,” Press Release, March 20, 2009.
²⁴ Province of British Columbia, “\$3.5 Million to Rebuild 4th Street in Vanderhoof,” News Release, February 21, 2009.
²⁵ Province of British Columbia, “Highway Improvements Benefit Nechako Region,” News Release, April 6, 2009.

In BC, small business establishments (those with less than 50 workers) are a significant contributor to the economy—they employ nearly half of the province’s workforce.²⁶ The BC economy is unique in this regard, with small businesses accounting for a larger share of provincial GDP (one third) than in any other province.²⁷ In the Nechako, the number of small businesses declined by nearly 500 (12.6%) over the past five years, with most of the losses taking place in 2007 when the region was hit hard by the decline in the forest sector. The majority of losses were in operations with no employees, but those with between 1-19 employees were hit hard too—undoubtedly many secondary manufacturing businesses and forestry contractors.

LIVE Indicators

Educational Attainment

Educational attainment is a critical determinant of long-term labour force productivity and quality of life. Statistics Canada aggregates labour force educational attainment data for the North Coast and Nechako Development Regions. Together, these two Development Regions comprise *Northwest BC*. Between 2003 and 2008, the share of the labour force, age 25-54, with post-secondary education declined from 53.7% to 48% in Northwest BC. This marked a 5.7 percentage point *drop* in attainment over the past five years, compared to a gain of 3.8 percentage points at the provincial level. This is the lowest level of educational attainment in the province. While educational attainment in BC rose in every year between 2003 and 2008, it fluctuated between 53.7% and 44.8% in the Northwest

Table 4-6: Percent of Labour Force Age 25-54 with a Post-Secondary Certificate/ Diploma or Bachelor’s Degree, Northwest British Columbia, 2003 to 2008

Region	2003	2004	2005	2006	2007	2008	Percentage Point Change	
							5-Year 2003-08	1-Year 2007-08
Northwest BC	53.7%	49.1%	45.7%	51.3%	44.8%	48.0%	-5.7 ppt	+3.2 ppt
British Columbia	58.9%	59.3%	59.8%	61.0%	61.7%	62.7%	+3.8 ppt	+1.0 ppt

Source: Statistics Canada, *Labour Force Survey*, Custom Table

Most of the decline in educational attainment has occurred at the post-secondary certificate or diploma level, and the graduate or above educational levels; the percentage of the labour force with these designations has declined by 2.9 and 2.7 percentage points respectively since 2003. Over the past five years, the only educational category that has increased in Northwest BC is the share of the labour force with high school education, which is up by 10.9 percentage points.

The decline in Northwest BC’s educational attainment ratio can be largely explained by looking at those sectors where higher education is a requirement. Since 2003, the majority of job losses in the Northwest have occurred in educational services, health care, and social assistance, industries that generally demand a higher level of education. On the flip side, employment in retail and wholesale trade has increased substantially, an industry that does not usually require more than a high school education.²⁸



²⁶ BC Stats, *Business Indicators*, October 2008.

²⁷ Ibid.

²⁸ Statistics Canada, *Historical Labour Force Survey*, Stats Canada, CD1, Table 33AN.

In 2008, the NDR had the best graduation rates in the province, with only 24.6% of 18-year-olds not completing high school.²⁹ BC as a whole saw an average non-completion rate of 28%. When the economy is weak and fewer jobs are available, the level of school enrolment often increases. This is the case in many regions throughout the province that are resource-sector dependent. Difficulties in the regional forest sector in the past few years have had a domino effect on the rest of the economy, with work opportunities drying up for many young workers. It is likely students in the NDR found few opportunities in the workforce to lure them out of school prematurely.

Dependency on the Social Safety Net

In 2008, the NDR's social safety net dependency rose, after two years of relative stability. Last year, the share of the population, age 19-64, on basic income assistance or employment insurance rose dramatically from 4.8% to 6.4% in the Nechako—the largest increase in the province. Provincewide, the average dependency rate grew from 3.2% to 3.6%.

Table 4-7: Basic Income Assistance Recipients & EI Beneficiaries as a Percent of the Population, Age 19-64, Nechako Development Region, 2006 to 2008³⁰

Region	2006	2007	2008
Bulkley-Nechako	4.7	4.5	6.2
Stikine	-	-	-
Development Region Total	4.9	4.8	6.4
British Columbia	3.3	3.2	3.6

Source: BC Stats

Note: Data was not available in Sept. '06, '07, or '08 in the Stikine Regional District, as it was too small to release.

Social safety net dependency in the Bulkley-Nechako is slightly lower than that of the Development Region as a whole, which indicates that rates in the Stikine are much higher.³¹ The overall increase in social safety net dependency in the NDR, since 2007, corresponds to the collapse in the forest industry—with reduced demand for lumber exports contributing to job loss and the need for income support.

Dependency rates in the Nechako are well above the provincial average—in 2008, the region had the third highest rate of dependency in BC, after the North Coast (7.4%), and the Cariboo (6.6%). At the other end of the spectrum, the Mainland/Southwest Development Region had the lowest rate of social safety net dependency (3.2%).

Pre-Tax Income

Real pre-tax income per taxfiler can be used to compare purchasing power between the Development Regions of British Columbia.³² While the most recent regional income data is only available to 2006, it does illustrate how income levels have changed in the Development Regions in the past, and how they compare to one another. By looking at existing economic conditions, we can make an educated guess about how real income has changed since 2006.



²⁹ BC Stats, Special Run.

³⁰ Rates as of September each year. "These figures include only a subset of those receiving Income Assistance. INCLUDED are those on Temporary Assistance. EXCLUDED are those on Continuous Assistance (disabled or with persistent multiple barriers to employment), Children in the Home of a Relative, OAS/Seniors, and aboriginal people living on reserve."

³¹ Data is not available for the Stikine.

³² Pre-tax income is deflated by the Consumer Price Index, with a base year of 2002. In previous editions, we have used real income per capita as an indicator; however, the recent release of census population figures has shown that, in some cases, population estimates made by statistical agencies between census years significantly diverge from census counts. Therefore, we have used the number of taxfilers as the denominator in this edition of the report, as it is more accurate. Data source: BC Stats, *British Columbia Neighbourhood Income Demographics*. See the glossary at the end of this report for definitions of "pre-tax income" and "taxfiler."

Between 2003 and 2006, real income in the NDR rose by 11.9%, reflecting one year of modest gains, and two years of solid gains. While these were years of strong economic growth in the province as a whole, overall employment fluctuated in Northwest BC. The region's unemployment rate, however, tumbled and employment in some of the higher wage industries such as education, transportation and warehousing, and construction rose. By 2006, the average real pre-tax income per taxfiler in the Nechako was \$32,768 (in \$2002). This is still the third lowest income level in the province.

Table 4-8: Real Pre-Tax Income per Taxfiler (2002\$), Nechako Development Region, 2003 to 2006

Region	2003	2004	2005	2006	Percentage Change	
					3-Year 2003-06	1-Year 2005-06
Nechako DR	\$29,279	\$29,541	\$31,073	\$32,768	+11.9%	+5.5%
British Columbia	\$31,400	\$32,323	\$33,430	\$35,569	+13.3%	+6.4%

Source: BC Stats, *British Columbia Neighbourhood Income Demographics*

By 2006, average real incomes per taxfiler within the NDR were as follows:³³

- Bulkley-Nechako Regional District—\$32,887
- Stikine Regional District—\$28,096

Although the Bulkley-Nechako Regional District again enjoyed the highest real income per taxfiler in 2006, the biggest one-year growth in real income occurred in the Stikine (10%); the Bulkley-Nechako's growth rate was 5.3%.

Comparing one-year income growth among the Development Regions, the Northeast again ranked first at 13.2% (reaching \$43,432 per taxfiler); the Thompson-Okanagan ranked second with a growth rate of 6.9% (reaching \$32,966); and the Mainland/Southwest ranked third at 6.5% (\$36,539). Conversely, the Cariboo had the lowest one-year real income growth, at 4.4%.

Overall, the Nechako's economy weakened in 2007 and 2008 in response to the downturn in the forest sector. With its high dependency on forestry manufacturing, cutbacks and mill closures in the communities of Fort St. James, Houston, and Burns Lake affected hundreds of workers, as well as logging contractors and related businesses. Over the same period, the unemployment rate rose and the demand for income assistance and employment insurance jumped. Although real pre-tax income per taxfiler data is not yet available for 2007 and 2008, the aforementioned factors support the expectation that incomes have stabilized or even declined slightly in 2007 and 2008.



³³ Base year is 2002.

Conclusions

2008 was another challenging year for many residents of the Nechako—especially those who rely upon the forest industry as a source of income. Nevertheless, the mining and tourism industries were resilient for most of the year, and able to sustain parts of the economy. In 2008, social safety net dependency soared and the business climate worsened, as construction activity dried up, and incorporations and business establishments declined. Major project investment intentions are, however, encouraging—if they materialize. But like the rest of Northwest BC, the Nechako has some catching up to do with the rest of the province. Areas of concern include educational attainment of the labour force³⁴ (lowest in BC), real pre-tax income per taxfiler (third lowest in BC), social safety net dependency (third highest in BC) and the unemployment rate,³⁵ (highest in BC).

Sadly, economic forecasts are not predicting a speedy turnaround in the forest sector, and the outlook for other resource sectors is not entirely positive either.³⁶ Lumber prices have retreated to near-record lows, and prices for minerals produced in BC have plunged as the global economy loses strength. Mineral exploration is expected to decline as a result of the tightening of financial markets and the drop in commodity prices. Both new home construction and non-residential construction are weakening and consumer spending is hastily downshifting.

In the first quarter of 2009, lumber producers across the NDR continued to announce curtailments in production in response to depressed lumber markets. Endako Mines, near Burns Lake, revealed they will be temporarily ceasing operations this summer, affecting approximately 260 employees. The reason for the closure is molybdenum, the mines main export, has been significantly affected by the global economic downturn.³⁷ Recent labour force statistics indicate that 3,000 jobs have already been shed in the first three months of 2009 in Northwest BC, pushing the unemployment rate up into double-digit territory, at 11.1%.³⁸

While there is no doubt the Nechako will face another difficult year in 2009, there is some good news. The federal government has provided funding to help displaced older workers upgrade their skills, to help them transition out of the forest industry. Communities in the Nechako that have been hit hard by the US housing market downturn are receiving this funding.³⁹ Conifex, the company that took over the bankrupt Pope and Talbot Fort St. James sawmill last year, reopened the mill in March after signing a unique labour agreement that put 135 people back to work—the contract ties a portion of workers' wages to market conditions, reflecting the reality workers and companies now face in the troubled lumber market.⁴⁰ The Mount Milligan Mine project, an open-pit copper-gold mine, about 90 kilometres north of Fort St. James, recently received environmental approval. While it is not known when construction will proceed, it is anticipated to take 30 months and will provide an estimated 370 jobs. Once the mine is up and running, it is expected to generate about 400 jobs over a 15-year lifespan.⁴¹ Finally, planned government infrastructure spending in the region will create a number of jobs over the next few years, and provide some interim relief to the region's workers until the economy picks up again.



³⁴ Northwest British Columbia (includes the North Coast and Nechako Development Regions).

³⁵ Ibid.

³⁶ BC Stats, *Exports*; Issue 08-11, January 2009.

³⁷ Black Press, "Endako Mines to Close Temporarily," *Burns Lake District News*, March 3, 2009.

³⁸ BC Stats, *BC Employment and Unemployment Rate by Region and Metropolitan Area*, April 9, 2009.

³⁹ Central Interior Logging Association, *FactsFax*, Issue #482, October 13, 2008.

⁴⁰ "Conifex Reopens Fort St. James Sawmill," *Vancouver Sun*, March 5, 2009.

⁴¹ Province of British Columbia, "Mount Milligan Project Approved," Information Bulletin, March 18, 2009.

Glossary of Definitions

- **Business establishments:** Production entity or group of entities that produces goods or services, does not cross provincial boundaries, and provides data on value of output and input costs to the government.
- **Employment income:** Includes wages and salaries, commissions from employment, training allowances, tips and gratuities, and all income from self-employment (business, professional, farming, fishing income, and commissions).
- **Job creation:** Change in number of employed individuals between two given years.
- **Pre-tax income:** Comprised of labour force income (employment income, wages and salaries, income from self-employment, and employment insurance benefits), pension income, old age security, CPP/QPP, superannuation, family allowance income, interest and other investment income, limited partnership income, rental income, other income (such as alimony and income for non-filing spouses), RRSP income, non-taxable income, GST credit, child tax credit, workers' compensation payments, social assistance payments, and guaranteed income supplements. Monies not included in pre-tax income: veterans' disability and dependent pensioners' payments, war veterans' allowances, lottery winnings, and capital gains.
- **Social safety net:** Transfers to unemployed individuals and families from the federal and provincial governments under the auspices of the Income Assistance and Employment Insurance programs.
- **Taxfilers:** Those individuals who have filed a tax return for the reference year, and were alive at the end of the year. Non-filing spouses and non-filing children are not included.
- **Unemployment rate:** Share of employable labour force looking for work but unable to find it.

